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April 18, 1997

Mr. William F. Caton Acting Secretary Federal Communications Commission 1919 M Street, N.W., Room 222 Washington, DC 20554 RECEIVED

APR 1 8 1997

Federal Communications Commission Office of Socretary

Re: IB Docket No. 96-220

Notice of Ex Parte Presentation

Dear Mr. Caton:

Leo One USA Corporation ("Leo One USA"), by its attorneys, hereby notifies the Commission, pursuant to Section 1.1206 of the Commission's rules, that it participated in a meeting with Commission staff on April 17, 1997 concerning the above-referenced proceeding. The following members of the staff participated:

Joseph Farrell Douglas Galbi

The purpose of the meeting was to discuss sharing in the 137 and 400 MHz bands. A copy of the material distributed during that meeting is attached. An original and one copy of this notice are being submitted to the Secretary's Office. Copies of this letter are being provided to the members of the staff named above.

Any questions regarding this matter should be directed to the undersigned.

Respectfully submitted,

Counsel for Leo One USA Corporation

Attachment

No. of Copies rec'd O4/

HOUSTON

DALLAS

WASHINGTON, D.C.

AUSTIN

MOSCOW

LONDON

SINGAPORE

1. Competitive Analysis

Leo One USA used DOJ/FTC Merger Guidelines to define markets

- Service Categories
 - Tracking, Monitoring, Emergency Services, Messages, Transaction Services
- Coverage
 - Global
 - Nationwide: Ubiquitous
 - Nationwide: Non-Ubiquitous
 - Urban: Pockets of Coverage
- Timeliness
 - Outages in coverage of < 5 minutes
 - Outages in coverage of > 5 minutes and < 30 minutes
 - Outages in coverage of > 30 minutes and < 3 hr.
- Costs
 - Separate markets exist if a low cost provider is able to raise prices by 5% and not cause consumers to shift to other products

TABLE 1: MARKETS AND SUPPLIERS TRACKING

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Many Markets for Low-Cost Data Services are not Competitive

- 34% of markets cannot be served by any 1st Round Little LEO System greatest opportunity for public benefit
- 19% of markets can be served by Orbcomm and STARSYS duopoly at best, possibly a monopoly
- 47% of markets have varying degrees of competition from multiple suppliers of data services
 - Cellular, Broadband PCS
 - SMR
 - Terrestrial Data Networks

Many Markets Have Few or No Substitutes

- Terrestrial Data Providers
 - can serve many markets as a low-cost provider but have limitations on coverage capabilities
- Geostationary Fixed Satellite Service
 - can serve many markets but have limitations on cost, CPE, global coverage
- Big LEOs
 - can serve many markets but have limitations on cost
- Foreign NVNG MSS Systems
 - no authorization to operate in this spectrum -- many are paper applications or meteorological

Grant of Pending Applications of 1st Round Licensees Will Prevent Introduction of New Competitive NVNG MSS Services

- Grant of modification applications of 1st round licensees will prevent licensing of new systems in the 137-138 MHz downlink band
- Grant of the licensees' requests will prevent second round systems from using the 149.9-150.05 MHz band for feeder uplinks

Grant of New 2nd Round NVNG MSS Licenses Will Serve Public Interest

w services will be made available to the public that will be provided by existing licensees roduction of competitive services in markets to be ved by Orbcomm and/or GE Starsys phomic impact resulting from the construction, launch operation of approximately 100 new satellites

HHI Analysis

						ii Allaiya									
otential		Orbcomm	ı, Starsys &	VITA each	VITA	perates in sp	ecialized	7		Starsys fails		7	Neith	er VITA or S	tarsys
icensing Outcomes		fully dep	oloy licensed	l systems	l no	n-for-profit m	arket	1	tola	aunch its sys	stem	1	partici	pate in the	market
			Market			Market		T	T	Market				Market	
Today's environment	Licensee	Capacity	<u>Share</u>	HHI	Capacity	<u>Share</u>	<u>HHI</u>		Capacity	<u>Share</u>	<u>HH1</u>		Capacity	<u>Share</u>	<u>HHI</u>
	Orbcomm	1	76.51%	5854	1 1	80.00%	6400		1	94.61%	8951	1 1	1	100.00%	10000
	Starsys	0.25	19,13%	366	0.25	20.00%	400	1	0	0.00%	0	1 1	ł	0.00%	0
	VITA	0.057	4.36%	19		0.00%	0	1	0.057	5.39%	29	1 1	ł	0.00%	0
	}	1.31		6239	1.25	~	6800	7	1.06		8980	7 1	1.00		10000
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No new licensing,	<u>Licensee</u>	Capacity	<u>Share</u>	<u>HHI</u>	Capacity	<u>Share</u>	HHI		Capacity	<u>Share</u>	<u>HHI</u>		Capacity	<u>Share</u>	HH
Orbcomm 2nd	Orbcomm	1.16	79.07%	6253	1.16	82.27%	6768	1	1.16	95.32%	9085	1 1	1.16	100.00%	10000
round ammendment	Starsys	0.25	17.04%	290	0.25	17.73%	314	ĺ	0	0.00%	0	1 1	ĺ	0.00%	0
is accepted.	VITA	0.057	3.89%	15	0	_ 0.00%	0	4	0.057	4.68%	22	4 1		0.00%	0
		1.47		6558	1.41		7083		1.22		9107	1 1	1.16		10000
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			Market			Market				Market))		Market	
Three additional licenses	Licensee	Capacity	Share	밴	Capacity	<u>Share</u>	HHI	1	Capacity	<u>Share</u>	HHI]]	Capacity	<u>Share</u>	HHI
awarded as proposed	Orbcomm	1.16	42.23%	1783	1.16	43,12%	1860	ł	1.16	46.46%	2158	1 1	1.16	47.54%	2260
in Systems X, Y	Starsys	0.25	9,10%	83	0.25	9.29%	86	1		0.00%	0	1 1	i	0.00%	0
by the Parties.	VITA	0.057	2.07%	4		0.00%	0	1	0.057	2.28%	5	1 1		0.00%	0
	ESAT	0.02	0.73%	1	0.02	0.74%	1	1	0.02	0.80%	1	1 1	0.02	0.82%	1
)FAI	0.9	32.76%	1073	0.9	33.46%	1119	1	0.9	36.04%	1299	1 1	0.9	36.89%	1361
	CTA	0.36	13.11%	172	0.36	13.38%	179		0.36	14.42%	208	1 1	0.36	14.75%	218
	}	2.75		2944	2.69		3066		2.50		3463	l	2.44		3621
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Four additional licenses	Licensee	Capacity	<u>Share</u>	HHI	Capacity	<u>Share</u>	HHI		Capacity	<u>Share</u>	HHI	1	Capacity	<u>Share</u>	HHI
awarded as proposed	Orbcomm	1	28.51%	813	1	28.99%	840		1 1	30.70%	943	1 1	1	31.25%	977
in System A & B1, B2, B3	Starsys	0.25	7.13%	51	0.25	7.25%	53	•	\$	0.00%	0]]		0.00%	0
by Leo One USA.	VITA	0.057	1.63%	3	1	0.00%	0		0.057	1.75%	3]		0.00%	0
	System A	0.9	25.66%	659	0.9	26.09%	681		0.9	27.63%	764	[0.9	28.13%	791
	System B	0.92	26.23%	688	0.92	26.67%	711		0.92	28.25%	798		0.92	28.75%	827
	System B1	0.36	10.27%	105	0.36	10.43%	109		0.36	11.05%	122	11	0.36	11.25%	127
	System B2	0.02	0.57%	0	0.02	0.58%	0		0.02	0.61%	0		0.02	0.63%	0
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